



Legislative Bulletin.....May 22, 2003

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H.R. 2185 - Unemployment Compensation Amendments of 2003

H.R. 2185—Unemployment Compensation Amendments of 2003 (Dunn)

Order of Business: The bill is scheduled to be brought up under a closed rule on Thursday, May 22, 2003.

Summary: H.R. 2185 amends the Temporary Extended Unemployment Compensation Act of 2002 (P.L. 107-147), which was included in the 2002 Economic Stimulus Package, as amended by P.L. 108-1 to:

- Extend eligibility for additional unemployment benefits (13 weeks in all States and up to 26 weeks in States defined as having high unemployment) through December 31, 2003 (under current law eligibility for extended benefits ends on May 31, 2003)
- An individual who qualifies for extended benefits prior to December 31, 2003 will be able to receive their benefits up until March 31, 2004 (under current law an individual who qualifies for benefits by May 31, 2003 can receive benefits through August 3, 2003.)

Additional Background:

A five-month extension of unemployment benefits was passed by the House on January 8, 2003 by a vote of 416 to 4 <http://clerkweb.house.gov/cgi-bin/vote.exe?year=2003&rollnumber=7>. The bill became Public Law 108-1.

Should H.R. 2185 become law, this will be the third extension of unemployment benefits since March 9, 2002.

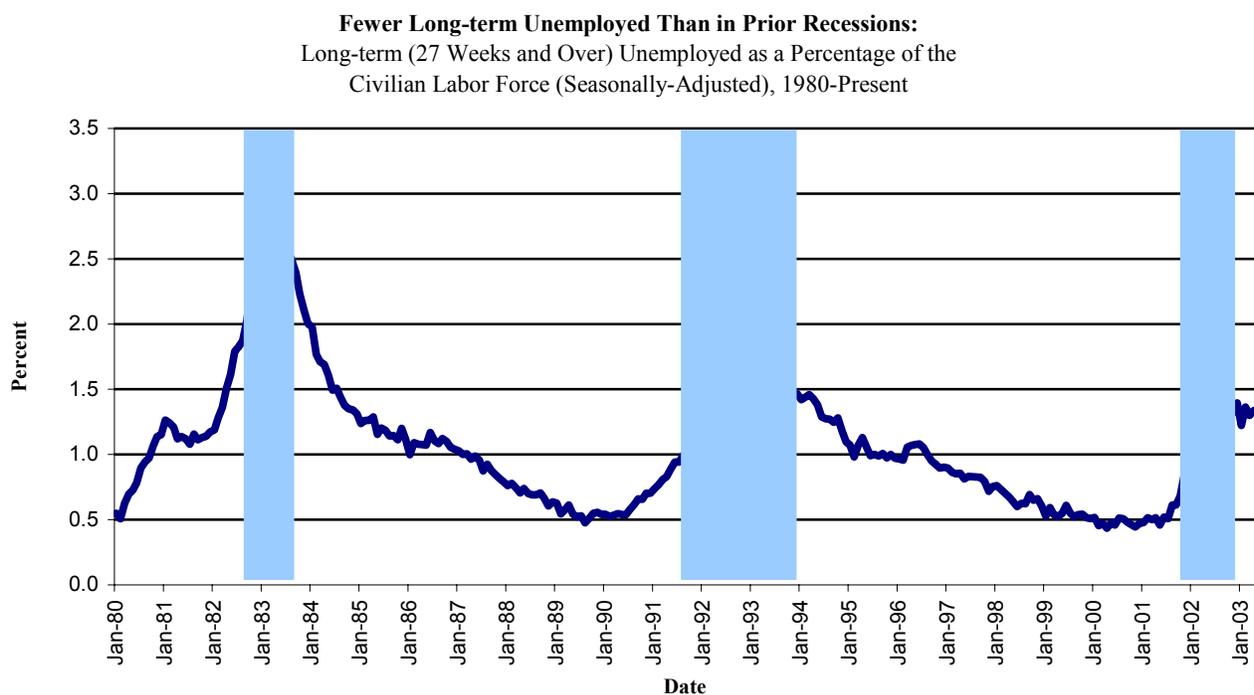
Previous Unemployment Extensions:

DATES	# of Months	Duration of Additional Benefits
6/58 to 6/59	12	Lesser of 50% of regular benefit or 13 weeks
4/61 to 3/62	11	Lesser of 50% of regular benefit or 13 weeks
1/72 to 3/73	14	Lesser of 50% of regular benefit or 13 weeks
1/75 to 10/77	33	Varied, but peak was 26 weeks
9/82 to 6/85	34	Varied, but peak was 16 weeks
11/91 to 4/94	30	Varied, but peak was 33 weeks
3/02 to 3/04*	24	Lesser of 50% of regular benefit or 13 weeks plus an additional 13 weeks in high unemployment states

*Last possible benefit date assuming enactment of H.R. 2185

Potential Concern: Some Members have expressed concern about a long-term extension of unemployment benefits, arguing that general improvement in the economy may alleviate any need for such a long-term extension and that the guarantee of extended benefits may discourage some from seeking or accepting jobs.

Talking points distributed by the House Ways and Means Committee just last week in response to the unemployment plan put forward by Democrats stated, “Various studies - including by the chief economist in Clinton’s Department of Labor - show longer benefit receipt leads to longer unemployment.” The talking points went on to point out that “Today, 29 States have unemployment rates below what they were one year ago.” The Ways and Means Committee also provided information just last week detailing that there are fewer long-term unemployed currently than in prior recessions (see chart)



In addition, some argue that the States should be responsible for any further extension of unemployment benefits, especially since the Congress provided states with \$8 billion in additional funds that could be used for this purpose as part of the last stimulus measure (March 2002). Again, according to information provided by the Ways and Means Committee just last week, “As part of the March 2002 Stimulus bill, Congress also sent an unprecedented \$8 billion to States for unemployment. As of April 2003, States had spent only about \$2 billion of that \$8 billion, leaving almost \$6 billion for them to use to extend unemployment benefits in their State.”

Senate Outlook: It is presumed that the Senate will pass the bill. It is unclear whether the Senators who have been so adamant about limiting the impact of the Economic Growth and Jobs Creation Package on the deficit will raise the same level of opposition to a bill that adds another approximately \$7 billion to the deficit.

Committee Action: The bill was introduced yesterday and was not considered by any Committee.

Cost to Taxpayers: While a CBO cost estimate is not available for H.R. 2185, CBO did estimate that a similar five-month extension of unemployment benefits enacted in January of this year would increase outlays (federal spending) by \$7.6 Billion in FY 2003. Presumably, H.R. 2185, a six month extension of unemployment benefits, would increase outlays by at least an equal amount if not more, although the spending would be spread over Fiscal Year 2003 and 2004 since Fiscal Year 2003 ends on September 30, 2003. Given that \$16 Billion has already been spent on extended unemployment benefits, it would appear that Congress is on track, should H.R. 2185 become law, to spend close \$25 Billion on extended unemployment benefits.

Does the Bill Create New Federal Programs or Rules?: No, the bill extends eligibility for extended unemployment benefits.

Constitutional Authority: A committee report citing constitutional authority is unavailable.

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